

MANCELONA PUBLIC SCHOOLS
REPORT ON FINANCIAL STATEMENTS
JUNE 30, 2006

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	i-ii
Management's Discussion and Analysis	iii-x
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6
Fiduciary Funds	
Statement of Fiduciary Net Assets	7
Notes to Financial Statements	8-23
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	24
Combining and Individual Fund Financial Statements	
Nonmajor Governmental Fund Types	
Combining Balance Sheet	25
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances	26
Financial Statements of Individual Funds	
<u>Major Funds</u>	
<u>General Fund</u>	
Comparative Balance Sheet	27
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	28-29
Analysis of Revenues - Budget and Actual	30-31
Analysis of Expenditures - Budget and Actual	32-39

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGE</u>
<u>2004 Debt Retirement Fund</u>	
Comparative Balance Sheet	40
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	41
<u>Sinking Fund</u>	
Comparative Balance Sheet	42
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	43
<u>Non Major Funds</u>	
<u>Special Revenue (School Service) Funds</u>	
<u>Food Service Fund</u>	
Comparative Balance Sheet	44
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	45
<u>Athletic Activities Fund</u>	
Comparative Balance Sheet	46
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	47
<u>Latch Key Fund</u>	
Comparative Balance Sheet	48
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	49
<u>Debt Retirement Funds</u>	
<u>1997 Debt Retirement Fund</u>	
Comparative Balance Sheet	50
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	51
<u>2005 Debt Retirement Fund</u>	
Balance Sheet	52
Statement of Revenues, Expenditures and Changes in Fund Balance	53
<u>Durant Debt Retirement Fund</u>	
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	54

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGE</u>
<u>Capital Projects Funds</u>	
<u>Stadium Capital Projects Fund</u>	
Comparative Balance Sheet	55
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	56
<u>Agency Fund</u>	
Statement of Cash Receipts, Disbursements and Balance	57-59
Other Information	
Schedule of 2005 Tax Roll	60-61
1997 Bond Issue	62
2004 Refunding Bonds	63-64
2005 Refunding Bonds	65-66
Durant Bonds	67

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CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Mancelona Public Schools
Mancelona, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mancelona Public Schools, Mancelona, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the Districts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Mancelona Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mancelona Public Schools, Mancelona, Michigan, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2006, on our consideration of Mancelona Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control

over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through x and 24, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mancelona Public Schools, Mancelona, Michigan basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2006**

Mancelona Public Schools, a K-12 school district located in Antrim and Kalkaska Counties, Michigan, has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Mancelona Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2006.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

A. Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

B. Government-Wide Financial Statements

These statements are calculated using full accrual accounting and more closely resemble those presented by business and industry. The District's entire assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2006**

C. Summary of Net Assets

The following schedule summarizes the net assets at fiscal year ended June 30,

	<u>2006</u>	<u>2005</u>
Assets		
Current Assets	\$ 2,369,426	\$ 2,839,807
Non Current Assets		
Capital Assets	\$ 19,087,021	\$ 18,879,559
Less Accumulated Depreciation	<u>(6,431,358)</u>	<u>(6,105,213)</u>
Total Non Current Assets	<u>\$ 12,655,663</u>	<u>\$ 12,774,346</u>
Total Assets	<u><u>\$ 15,025,089</u></u>	<u><u>\$ 15,614,153</u></u>
Liabilities		
Current Liabilities	\$ 2,286,241	\$ 2,469,104
Non Current Liabilities	<u>12,137,838</u>	<u>12,865,966</u>
Total Liabilities	<u>\$ 14,424,079</u>	<u>\$ 15,335,070</u>
Net Assets		
Invested in Capital Assets Net of Related Debt (Deficit)	\$ (68,965)	\$ (774,305)
Restricted	147,573	0
Unrestricted	<u>522,402</u>	<u>1,053,388</u>
Total Net Assets	<u>\$ 601,010</u>	<u>\$ 279,083</u>
Total Liabilities and Net Assets	<u><u>\$ 15,025,089</u></u>	<u><u>\$ 15,614,153</u></u>

D. Analysis of Financial Position

During the fiscal year ended June 30, 2006, the District's net assets increased by \$321,927. A few of the more significant factors affecting net assets during the year are discussed below:

1. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation is a reduction in net assets.

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2006**

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2006, \$387,401 was recorded for depreciation expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2006, \$276,013 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, the write off of the assets disposed of during the year, and the current year's depreciation is a net decrease in capital assets in the amount of \$118,683 for the fiscal year ended June 30, 2006.

E. Results of Operations

For the years ended June 30, the results of operations, on a District-wide basis, were:

	2006		2005	
	Amount	% of Total	Amount	% of Total
General Revenues				
Property Taxes	\$ 4,670,330	39.16%	\$ 4,727,840	38.01%
Investment Earnings	87,225	0.73%	63,135	0.51%
State Sources	4,673,747	39.19%	4,958,736	39.87%
Gain on Sale of Capital Assets	7,405	0.06%	0	0.00%
Other	278,334	2.33%	482,430	3.88%
Total General Revenues	<u>\$ 9,717,041</u>	<u>81.47%</u>	<u>\$ 10,232,141</u>	<u>82.27%</u>
Program Revenues				
Charges for Services	\$ 403,254	3.38%	\$ 467,648	3.76%
Operating Grants	1,806,412	15.15%	1,736,765	13.97%
Total Program Revenues	<u>\$ 2,209,666</u>	<u>18.53%</u>	<u>\$ 2,204,413</u>	<u>17.73%</u>
Total Revenues	<u>\$ 11,926,707</u>	<u>100.00%</u>	<u>\$ 12,436,554</u>	<u>100.00%</u>

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2006**

Expenses	2006		2005	
	Amount	% of Total	Amount	% of Total
Instruction	\$ 6,186,003	53.31%	\$ 5,779,164	50.07%
Supporting Services	3,881,442	33.45%	3,428,192	29.70%
Food Service Activities	481,501	4.15%	511,250	4.43%
Athletic Activities	191,979	1.65%	199,600	1.73%
Custody and Care of Children	233,334	2.01%	386,092	3.34%
Community Services	8,157	0.07%	3,504	0.03%
Facilities Acquisition	4,588	0.04%	511	0.00%
Prior Period Adjustment	1,680	0.01%	0	0.00%
Interest on Long-Term Debt	565,597	4.87%	727,616	6.30%
Other Transactions	30,882	0.27%	93,069	0.81%
Unallocated Depreciation	19,617	0.17%	414,987	3.59%
Total Expenses	<u>\$ 11,604,780</u>	<u>100.00%</u>	<u>\$ 11,543,985</u>	<u>100.00%</u>
Change in Net Assets	<u>\$ 321,927</u>		<u>\$ 892,569</u>	

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenses are discussed in the segments below:

1. Property Taxes

The District levies 18 mills of property taxes for operations on non-homestead properties. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2005-2006 fiscal year, the District levied \$2,956,398 in non-homestead property taxes. This represented an increase of 5.02% from the prior year. The amount of unpaid property taxes at June 30, 2006, was \$14,155.

The following table summarizes the non-homestead property tax levies for operations for the past five years:

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2006**

<u>Fiscal Year</u>	<u>Non-Homestead Tax Levy</u>	<u>% Increase (Decrease) from Prior Year</u>
2005-2006	2,956,398	5.02%
2004-2005	2,815,021	6.20%
2003-2004	2,650,861	4.63%
2002-2003	2,533,644	6.88%
2001-2002	2,370,565	4.82%

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2005-2006 fiscal year, the District received \$6,875 per student FTE. For the 2004-2005 fiscal year, the district per pupil funding equated to \$6,700.

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past five fiscal years:

<u>Fiscal Year</u>	<u>Blended Student FTE</u>	<u>FTE Change from Prior Year</u>
2005-2006	1,148	(50)
2004-2005	1,198	(10)
2003-2004	1,208	88
2002-2003	1,120	63
2001-2002	1,057	(15)
2000-2001	1,072	(16)

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2006, federal, state, and other grants accounted for \$1,806,412. This represents an increase of total grant sources of \$69,647 from the total grant sources received for the 2004-2005 fiscal year.

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2006**

5. Comparative Expenditures

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

Expenditures by Fund Type	2005-2006 Fiscal Year	2004-2005 Fiscal Year	Increase (Decrease)
General Fund	\$ 9,988,276	\$ 9,718,422	\$ 269,854
Food Service Fund	478,525	511,250	(32,725)
Athletic Activities Fund	191,687	199,600	(7,913)
Latch Key Fund	233,334	393,627	(160,293)
Debt Service Funds	1,685,153	2,754,424	(1,069,271)
Capital Projects Funds	165,720	245,430	(79,710)
Total Expenditures	<u>\$ 12,742,695</u>	<u>\$ 13,822,753</u>	<u>\$ (1,080,058)</u>

Expenditures by Function	2005-2006 Fiscal Year	2004-2005 Fiscal Year	Increase (Decrease)
Instruction	\$ 6,236,522	\$ 5,711,407	\$ 525,115
Supporting Services	3,654,337	3,579,547	74,790
Food Service Activities	478,525	511,250	(32,725)
Athletic Activities	191,687	199,600	(7,913)
Custody & Care of Children	233,334	393,627	(160,293)
Community Services	8,157	3,504	4,653
Facilities Acquisition	143,190	500,530	(357,340)
Prior Period Adjustments	1,680	0	1,680
Debt Service	1,764,381	2,830,219	(1,065,838)
Other Transactions	30,882	93,069	(62,187)
Total Expenditures	<u>\$ 12,742,695</u>	<u>\$ 13,822,753</u>	<u>\$ (1,080,058)</u>

G. General Fund Budgetary Highlights

The Uniform Budgeting and Accounting Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2006**

For the 2005-2006 fiscal year, the District amended the General Fund budget twice, with the Board adopting the changes in January and June, 2006. The following schedule shows a comparison of the original General Fund budget, the final amended General Fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	<u>\$ 9,114,416</u>	<u>\$ 9,370,235</u>	<u>\$ 9,354,075</u>	<u>\$ (16,160)</u>
Expenditures				
Instruction	\$ 6,005,856	\$ 6,297,110	\$ 6,236,522	\$ (60,588)
Supporting Services	3,283,692	3,623,247	3,567,821	(55,426)
Community Services	3,384	13,581	8,157	(5,424)
Facilities Acquisition	0	64,727	64,725	(2)
Prior Period Adjustments	0	1,680	1,680	0
Debt Service	0	87,793	87,792	(1)
Other Transactions	0	11,645	21,579	9,934
Total Expenditures	<u>\$ 9,292,932</u>	<u>\$ 10,099,783</u>	<u>\$ 9,988,276</u>	<u>\$ (111,507)</u>

The original revenue and other financing sources budget of \$9,114,416 was increased to \$9,460,235 primarily as a result of unanticipated state and federal monies received and loan proceeds for the purchase of equipment. The largest single increase in expenditures was for the new equipment purchased.

H. Capital Asset and Debt Administration

1. Capital Assets

By the end of the 2005-2006 fiscal year, the District had invested \$19,087,021 in a broad range of capital assets, including school buildings and facilities, construction in progress, school buses and other vehicles, and various types of equipment. This represents a net increase of approximately \$207,462 over the prior fiscal year. Depreciation expense for the year amounted to \$387,401 bringing the accumulation to \$6,431,358 as of June 30, 2006.

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2006**

2. Long-Term Debt

At June 30, 2006, the District had \$13,917,771 in long-term debt outstanding. This represents a decrease of \$686,272 over the amount outstanding at the close of the prior fiscal year. New debt incurred during the year was \$15,000 of early retirement incentives and \$90,000 of Equipment Loans. \$5,476,284 of debt was retired during the year. On July 7, 2005, the District issued \$4,540,000 of refunding bonds to refund \$4,250,000 of its outstanding 1997 bonds. This advance refunding reduced total future debt service payments by \$428,591 and resulted in an economic gain of \$331,896.

I. Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- The student foundation allowance is slated to increase \$210 per pupil for the 2006-07 school year. While this is good news, we are ever cautious about the potential of an executive order cut before year's end. The current economic climate in Michigan creates a great deal of uncertainty for school funding this year and into the future.
- Because of economic conditions and unemployment rates, the State of Michigan as a whole, as well as Northwest Michigan, has experienced families moving out of our schools. As one could predict, Mancelona Public Schools has experienced declining enrollment for the past two years as well. If this trend continues and since funding is based on enrollment, it will continue to pose a real challenge in maintaining financial stability while continuing current educational programming.
- Additionally, the State increased the retirement rate to 17.74% for school year 2006-07 from 16.34% last year. The retirement rate is expected to increase indefinitely because of reported underfunding.

Contacting the District's Financial Management

- This financial report is designed to provide District citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate accountability for the money it receives. Questions relating to this report, or for additional financial information, may be addressed to the Business Manager, Mancelona Public Schools, 112 St. John Street, Mancelona, MI 49659.

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 991,936
Taxes Receivable	19,499
Accounts Receivable	17,558
Due from Other Governments	1,061,222
Inventories	35,720
Investments	243,491
Total Current Assets	<u>\$ 2,369,426</u>
<u>NONCURRENT ASSETS</u>	
Capital Assets	\$ 19,013,145
Construction in Progress	73,876
Less Accumulated Depreciation	(6,431,358)
Total Non Current Assets	<u>\$ 12,655,663</u>
TOTAL ASSETS	<u><u>\$ 15,025,089</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 69,093
Accrued Expenses	413,329
Accrued Interest Payable	50,624
Salaries Payable	739,723
Deferred Revenue	109,041
Current Portion of Noncurrent Liabilities	904,431
Total Current Liabilities	<u>\$ 2,286,241</u>
<u>NONCURRENT LIABILITIES</u>	
Bonds Payable	\$ 13,339,586
Less Deferred Loss on Early Extinguishment of Debt	(875,502)
Equipment Contracts Payable	260,544
Compensated Absences	158,641
Early Retirement Incentives	159,000
Less Current Portion of Non Current Liabilities	(904,431)
Total Non Current Liabilities	<u>\$ 12,137,838</u>
Total Liabilities	<u>\$ 14,424,079</u>
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt (Deficit)	\$ (68,965)
Restricted	147,573
Unrestricted	522,402
Total Net Assets	<u>\$ 601,010</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 15,025,089</u></u>

The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL
		CHARGES FOR SERVICES	OPERATING GRANTS	ACTIVITIES
				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 5,020,949	\$ 1,035	\$ 176,697	\$ (4,843,217)
Added Needs	1,165,054	0	819,771	(345,283)
Supporting Services				
Pupil	494,197	19,048	319,215	(155,934)
Instructional Staff	182,085	0	57,390	(124,695)
General Administration	251,905	0	1,500	(250,405)
School Administration	526,774	0	930	(525,844)
Business	241,677	0	250	(241,427)
Operation and Maintenance of Plant	1,292,691	0	11,093	(1,281,598)
Pupil Transportation Services	712,853	0	0	(712,853)
Central Services	178,091	0	1,703	(176,388)
Other Support Services	1,169	0	0	(1,169)
Food Service Activities	481,501	141,051	336,049	(4,401)
Athletic Activities	191,979	46,029	1,699	(144,251)
Custody and Care of Children	233,334	183,661	77,099	27,426
Community Services	8,157	12,430	0	4,273
Facilities Acquisition	4,588	0	0	(4,588)
Prior Period Adjustment	1,680	0	0	(1,680)
Interest on Long Term Debt	565,597	0	0	(565,597)
Other Transactions	30,882	0	3,016	(27,866)
Unallocated Depreciation	19,617	0	0	(19,617)
Total Governmental Activities	<u>\$11,604,780</u>	<u>\$ 403,254</u>	<u>\$ 1,806,412</u>	<u>\$ (9,395,114)</u>
<u>GENERAL REVENUES</u>				
Property Taxes - General Purposes				\$ 2,923,368
Property Taxes - Debt Service				1,642,408
Property Taxes - Sinking Fund				104,554
Investment Earnings				87,225
State Sources				4,673,747
Gain on Sale of Capital Assets				7,405
Other				278,334
Total General Revenues				<u>\$ 9,717,041</u>
Change in Net Assets				\$ 321,927
<u>NET ASSETS</u> - Beginning of Year				<u>279,083</u>
<u>NET ASSETS</u> - End of Year				<u>\$ 601,010</u>

The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	2004			OTHER	TOTAL
	GENERAL	DEBT	SINKING	NONMAJOR	GOVERNMENTAL
<u>ASSETS</u>	FUND	RETIREMENT	FUND	GOVERNMENTAL	GOVERNMENTAL
	FUND	FUND	FUND	FUNDS	FUNDS
Cash	\$ 612,852	\$ 177,397	\$ 113,193	\$ 88,494	\$ 991,936
Taxes Receivable	14,155	4,316	309	719	19,499
Accounts Receivable	9,311	0	0	8,247	17,558
Due from Other Funds	12,086	5,301	0	0	17,387
Due from Other Governments	1,038,568	0	0	22,654	1,061,222
Inventory	19,946	0	0	15,774	35,720
Investments	243,491	0	0	0	243,491
TOTAL ASSETS	\$ 1,950,409	\$ 187,014	\$ 113,502	\$ 135,888	\$ 2,386,813

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts Payable	\$ 67,451	\$ 0	\$ 0	\$ 1,642	\$ 69,093
Accrued Expenditures	407,077	0	0	6,252	413,329
Salaries Payable	714,844	0	0	24,879	739,723
Due to Other Funds	0	5,191	469	11,727	17,387
Deferred Revenue	123,196	4,316	309	719	128,540
Total Liabilities	\$ 1,312,568	\$ 9,507	\$ 778	\$ 45,219	\$ 1,368,072

FUND BALANCES

Reserved for:					
Inventory	\$ 19,946	\$ 0	\$ 0	\$ 15,774	\$ 35,720
Debt Retirement	0	177,507	0	9,380	186,887
Stadium Improvements	0	0	0	6,275	6,275
Designated for:					
Forestry	31,145	0	0	0	31,145
Food Service	0	0	0	12,395	12,395
Athletics	0	0	0	674	674
Custody and Care of Children	0	0	0	46,171	46,171
Unreserved, Undesignated	586,750	0	112,724	0	699,474
Total Fund Balances	\$ 637,841	\$ 177,507	\$ 112,724	\$ 90,669	\$ 1,018,741

TOTAL LIABILITIES

AND FUND BALANCES	\$ 1,950,409	\$ 187,014	\$ 113,502	\$ 135,888	\$ 2,386,813
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The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS

JUNE 30, 2006

Total Governmental Fund Balances		\$ 1,018,741
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		
The cost of the capital assets is	\$ 19,087,021	
Accumulated depreciation is	<u>(6,431,358)</u>	12,655,663
Property taxes receivable in governmental activities are deferred unless they are collected within sixty days of year end.		19,499
Long term liabilities are not due and payable in the current period and are not reported in the funds		
Loans Payable		(260,544)
Bonds Payable (Net of Deferred Charge)		(12,464,084)
Compensated Absences		(158,641)
Early Retirement Incentives		(159,000)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		<u>(50,624)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 601,010</u></u>

The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	GENERAL FUND	2004 DEBT SERVICE FUND	SINKING FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Local Sources	\$ 3,282,787	\$ 779,932	\$ 110,974	\$ 1,408,004	\$ 5,581,697
State Sources	5,452,929	106	14	66,738	5,519,787
Federal Sources	465,585	0	0	317,055	782,640
Other Transactions	152,774	0	0	0	152,774
Total Revenues	\$ 9,354,075	\$ 780,038	\$ 110,988	\$ 1,791,797	\$ 12,036,898
<u>EXPENDITURES</u>					
Instruction					
Basic Programs	\$ 5,071,468	\$ 0	\$ 0	\$ 0	\$ 5,071,468
Added Needs	1,165,054	0	0	0	1,165,054
Supporting Services					
Pupil	494,197	0	0	0	494,197
Instructional Staff	182,085	0	0	0	182,085
General Administration	251,905	0	0	0	251,905
School Administration	526,774	0	0	0	526,774
Business	241,677	0	0	0	241,677
Operation and Maintenance	1,060,967	0	86,516	0	1,147,483
Pupil Transportation Services	630,956	0	0	0	630,956
Central Services	178,091	0	0	0	178,091
Other Support Services	1,169	0	0	0	1,169
Food Service Activities	0	0	0	478,525	478,525
Athletic Activities	0	0	0	191,687	191,687
Custody and Care of Children	0	0	0	233,334	233,334
Community Services	8,157	0	0	0	8,157
Facilities Acquisition	64,725	0	0	78,465	143,190
Prior Period Adjustments	1,680	0	0	0	1,680
Debt Service					
Principal	79,056	332,111	0	722,362	1,133,529
Interest	8,736	325,286	0	212,021	546,043
Issuance Costs	0	76,809	0	0	76,809
Advance Refunding Escrow	0	0	0	8,000	8,000
Other Transactions	21,579	7,395	739	1,169	30,882
Total Expenditures	\$ 9,988,276	\$ 741,601	\$ 87,255	\$ 1,925,563	\$ 12,742,695
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (634,201)	\$ 38,437	\$ 23,733	\$ (133,766)	\$ (705,797)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	\$ 0	\$ 19,139	\$ 0	\$ 160,000	\$ 179,139
Proceeds of Refunding Bonds	0	4,431,047	0	0	4,431,047
Payment to Refunded Bond Escrow Agent	0	(4,350,775)	0	0	(4,350,775)
Loan Proceeds	90,000	0	0	0	90,000
Transfers Out	(130,000)	0	(30,000)	(19,139)	(179,139)
Total Other Financing Sources (Uses)	\$ (40,000)	\$ 99,411	\$ (30,000)	\$ 140,861	\$ 170,272
Net Change in Fund Balance	\$ (674,201)	\$ 137,848	\$ (6,267)	\$ 7,095	\$ (535,525)
<u>FUND BALANCE</u> - Beginning of Year	1,312,042	39,659	118,991	83,574	1,554,266
<u>FUND BALANCE</u> - End of Year	\$ 637,841	\$ 177,507	\$ 112,724	\$ 90,669	\$ 1,018,741

The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

Net Change in Fund Balances Total Governmental Funds	\$ (535,525)
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Amounts reported for governmental activities are different because:

In governmental funds property taxes receivable are deferred unless they are collected within sixty days of year end.

Deferred Property Tax Revenue - Beginning of Year	(122,395)
Deferred Property Tax Revenue - End of Year	19,499

Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(387,401)
Capital Outlay	276,013

In the statement of activities, only the gain or loss on the sale of fixed assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balances by the cost of the fixed assets sold net of accumulated depreciation.

(7,295)

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	137,335
Accrued Interest Payable - End of Year	(50,624)

Issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

Loan Proceeds	(90,000)
Amortization of Deferred Charge	(106,266)
Proceeds from Sale of Refunding Bonds	(4,431,047)
Bonds Defeased with Proceeds of Refunding Bonds	4,350,775
Bond Issuance Costs of Refunding	76,809
Advance Refunding Escrow	8,000

Repayment of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)

1,133,529

Employees Early Retirement and Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	368,161
Compensated Absences - End of Year	(317,641)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 321,927</u>
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The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2006

	<u>AGENCY FUND</u>
<u>ASSETS</u>	
Cash	<u>\$ 99,682</u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
Due to Groups and Organizations	\$ 99,682
<u>NET ASSETS</u>	<u>0</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 99,682</u>

The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Mancelona Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District is located in Antrim and Kalkaska Counties with its administrative offices located in Mancelona, Michigan. The District operates under an elected 7-member board of education and provides services to its 1,148 students in elementary, middle school, high school, special education, transportation, food service, athletics and child care. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. The District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt of restricted net assets; and unrestricted net assets.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues and charges, etc.) The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, interest income and other revenues.)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds – Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *GENERAL FUND* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2004 DEBT RETIREMENT FUND* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *SINKING FUND* accounts for tax revenues from a special voted millage, which is used for major repair projects.

Other Non-Major Funds

The *SPECIAL REVENUE FUNDS* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

District accounts for its food service, athletic activities and child care activities in the special revenue funds.

The *DEBT SERVICE FUNDS* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The 1997 Debt Retirement Fund, 2005 Debt Retirement Fund and Durant Debt Retirement Fund are nonmajor funds.

The *CAPITAL PROJECTS FUNDS* account for the acquisition of capital assets or construction of major capital projects.

Fiduciary Funds

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *AGENCY FUND* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred,

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on pupil membership counts taken in February and September of 2005. For the year ended June 30, 2006, the per pupil foundation allowance was \$6,875 for Mancelona Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2005 to August 2006. Thus, the unpaid portion at June 30th is reported as due from other governments.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government, or obligations of the state.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime 1 or prime 2 at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- (e) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and billed and due July 1. Unpaid taxes become delinquent as of September 14th and are subject to penalties and interest after that date.

For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of taxable valuation:

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

<u>Fund</u>	<u>Mills</u>
General Fund – Non-homestead	18.0000
Debt Service Funds – Homestead and non-homestead	6.0000
Sinking Fund – Homestead and non-homestead	0.3822

4. Inventories and Prepaid Expenditures

Inventories are valued at cost. Inventory consists of supplies held for consumption. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings additions and land improvements	20 – 50 years
Furniture and other equipment	5 – 15 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The District has elected to apply the provisions of GASB 34 paragraph 146 which allows the amortization of premiums, discounts and bond issuance costs to be applied prospectively for all bonds issued after July 1, 2003.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue and debt service funds.

Encumbrance accounting is not employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations if any are noted in the required supplementary information section.
4. The superintendent is charged with general supervision of the budgets and holds the department heads responsible for performance of their responsibilities.
5. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 20, 2005, or as amended by the School Board of Education in January and June, 2006.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits

The District's deposits and investments are all on deposit with National City Bank, Traverse Bay Area Credit Union, Alden State Bank and Michigan Liquid Asset Fund Plus.

Investment rate risk. The District minimizes Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

Credit risk. The District minimizes Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

Concentration of credit risk. The District minimizes Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2006, \$725,965 of the government's bank balance of \$1,385,527 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

At year end, the only investments were investment trust funds.

Investments not subject to categorization:

Michigan Liquid Asset Fund	\$243,491
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B. Capital Assets

A summary of changes in the District's capital assets follows:

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Capital assets not being depreciated				
Land	\$ 110,713	\$ 0	\$ 0	\$ 110,713
Construction in Progress	500,019	73,876	500,019	73,876
Subtotal	<u>\$ 610,732</u>	<u>\$ 73,876</u>	<u>\$ 500,019</u>	<u>\$ 184,589</u>
Capital assets being depreciated				
Land improvements	\$ 549,927	\$ 0	\$ 0	\$ 549,927
Buildings and additions	16,082,360	564,745		16,647,105
Machinery and equipment	772,583	85,199	24,317	833,465
Transportation equipment	863,957	52,212	44,234	871,935
Subtotal	<u>\$ 18,268,827</u>	<u>\$ 702,156</u>	<u>\$ 68,551</u>	<u>\$ 18,902,432</u>
Less accumulated depreciation for:				
Land improvements	\$ 216,937	\$ 22,330	\$ 0	\$ 239,267
Buildings and additions	4,889,573	257,724	0	5,147,297
Machinery and equipment	673,749	25,450	17,022	682,177
Transportation equipment	324,954	81,897	44,234	362,617
Accumulated Depreciation	<u>\$ 6,105,213</u>	<u>\$ 387,401</u>	<u>\$ 61,256</u>	<u>\$ 6,431,358</u>
Net capital assets being depreciated	<u>\$ 12,163,614</u>	<u>\$ 314,755</u>	<u>\$ 7,295</u>	<u>\$ 12,471,074</u>
Net capital assets	<u><u>\$ 12,774,346</u></u>	<u><u>\$ 388,631</u></u>	<u><u>\$ 507,314</u></u>	<u><u>\$ 12,655,663</u></u>

Depreciation for the fiscal year ended June 30, 2006, was charged to the following functions:

Operation and Maintenance	\$ 282,619
Pupil Transportation	81,897
Food Service Activities	2,976
Athletic Activities	292
Unallocated	19,617

C. Receivables

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate; including the applicable allowances for uncollectible accounts, are as follows:

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

	GENERAL FUND	2004 DEBT FUND	SINKING FUND	OTHER NONMAJOR FUNDS	TOTAL
Receivables					
Taxes	\$ 14,155	\$ 4,316	\$ 309	\$ 719	\$ 19,499
Accounts	9,311	0	0	8,247	17,558
Total Receivables	\$ 23,466	\$ 4,316	\$ 309	\$ 8,966	\$ 37,057

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Grant Receipts Received, But Not Yet Utilized	\$ 0	\$ 109,041
Property Taxes	19,499	0
	\$ 19,499	\$ 109,041

D. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2006:

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

	Early Retirement Incentives and Compensated Absences	Bonds	School Bond Loan	School Bond Loan Accrued Interest	Equipment Loans	Total
<u>Balance:</u>						
July 1, 2005	\$ 368,161	\$ 13,986,282	\$ 117,777	\$ 27,235	\$ 249,600	\$ 14,749,055
Additions	15,000	4,540,000	0	0	90,000	4,645,000
Deletions	(65,520)	(5,186,696)	(117,777)	(27,235)	(79,056)	(5,476,284)
<u>Balance:</u>						
June 30, 2006	\$ 317,641	\$ 13,339,586	\$ 0	\$ 0	\$ 260,544	\$ 13,917,771
Less current portion	(52,250)	(772,478)	0	0	(79,703)	(904,431)
Total due after one year	\$ 265,391	\$ 12,567,108	\$ 0	\$ 0	\$ 180,841	\$ 13,013,340

At June 30, 2006, the District's long-term debt consisted of the following issues:

2005 Refunding Bonds due in one payment in of \$480,000 on May 1, 2007 and annual installments of \$45,000 to \$800,000 from May 1, 2018 to May 1, 2023, interest at 3.000% to 4.050%	\$ 4,420,000
1998 School Improvement Bonds due in annual installments of \$7,478 to \$9,620, through May 15, 2013, interest at 4.287%, being serviced by designated state aid	59,586
2004 School Refunding Bonds due in annual installments of \$285,000 to \$840,000 through May 1, 2018, interest at 2.750% to 4.000%	8,860,000
Tractor and Truck Contracts due in annual installments of \$17,303 to \$19,396 through June 26, 2010, plus interest at 3.88%	73,344
School Bus Contracts due in annual installments of \$62,400 through March 22, 2009, plus interest at 2.64%	187,200
Early Retirement Incentives	159,000
Accumulated Sick Pay	<u>158,641</u>
Total long-term debt	<u><u>\$ 13,917,771</u></u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The requirements to amortize debt outstanding as of June 30, 2006, including interest of \$4,448,635 are as follows:

Year ending June 30,	Bonds		Equipment Loans		Early Retirement Incentives		Amounts Payable
	Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$ 772,478	\$ 475,614	\$ 79,703	\$ 7,788	\$ 52,250	\$ 0	\$ 1,387,833
2008	847,800	452,344	80,374	5,469	47,250	0	1,433,237
2009	843,134	418,410	81,071	3,124	34,750	0	1,380,489
2010	828,482	395,099	19,396	753	24,750	0	1,268,480
2011	813,847	370,135	0	0	0	0	1,183,982
2012-2016	3,843,845	1,464,313	0	0	0	0	5,308,158
2017-2021	3,860,000	763,226	0	0	0	0	4,623,226
2022-2023	1,530,000	92,360	0	0	0	0	1,622,360
	<u>\$13,339,586</u>	<u>\$4,431,501</u>	<u>\$260,544</u>	<u>\$ 17,134</u>	<u>\$159,000</u>	<u>\$ 0</u>	<u>\$18,207,765</u>

Accumulated Sick Pay	158,641
	<u>\$18,366,406</u>

E. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2006, were:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 12,086	\$ 0
Food Service Fund	0	630
Latch Key Fund	0	4,870
2004 Debt Retirement Fund	5,301	5,191
1997 Debt Retirement Fund	0	3
2005 Debt Retirement Fund	0	6,224
Sinking Fund	0	469
	<u>\$ 17,387</u>	<u>\$ 17,387</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Interfund transfers as shown in the individual fund financial statements at June 30, 2006, were:

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 0	\$ 130,000
2004 Debt Service Fund	19,139	0
1997 Debt Retirement Fund	0	19,139
Sinking Fund	0	30,000
Stadium Capital Projects Fund	30,000	0
Athletic Activities Fund	130,000	0
	<u>\$ 179,139</u>	<u>\$ 179,139</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the School must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies.

F. Designated and Reserved Fund Balance

The School has reserved or designated the fund balances as follows:

1. Food Service, Athletic Activities and Latch Key Funds
The School's policy is to show fund balance of the Food Service Fund, Athletic Activities Fund and Latch Key Fund as designated for those purposes.
2. Forestry
The board has designated proceeds from timber harvested from the school forest to be used for forestry programs and management of the school forest.
3. Debt Service
The entire fund balances of the Debt Service Funds are reserved for debt service.
4. Inventory
The General Fund balance and Food Service Fund balance are reserved for inventories to emphasize that these amounts are not appropriable for other purposes.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

5. Stadium Improvements

The entire fund balance of the Stadium Capital Projects Fund is reserved for Stadium Improvements.

NOTE 4 – OTHER INFORMATION

A. Employee Retirement System

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine member board of the MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (517) 322-5103.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2005, was 14.87% until September 30, 2005 and 16.34% for October 1, 2005 through June 30, 2006. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributions to MPERS for the year ended June 30, 2006, 2005 and 2004 were \$860,479, \$784,681 and \$656,199 respectively, and were equal to the required contribution for those years.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

Other Post-employment Benefits

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2006 or any of the prior three years.

C. 2005 Refunding Bonds

On July 7, 2005, the District issued \$4,540,000 in general obligation bonds with interest rates of 3.00% to 4.05% to advance refund \$4,250,000 of its 1997 School Building and Site Bonds. The refunded bonds bore interest rates of 5.20% to 5.25%. As a result, \$4,250,000 of the 1997 bonds are considered defeased as of July 7, 2005.

This advance refunding reduced total future debt service payments by \$428,591 and resulted in an economic gain of \$331,896.

D. Sinking Fund Tax Levy

On June 10, 2002, the taxpayers approved a renewal of a sinking fund tax levy. The School is authorized to levy .4000 mills for 5 years beginning with the 2002 tax roll. The actual levy for the 2005 tax roll was .3822 mills due to Headlee rollback provisions. The Sinking Fund will be used for the repairs of school buildings. The transactions for the sinking fund are accounted for in a capital projects fund. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>			
Local Sources	\$ 3,222,401	\$ 3,207,180	\$ 3,282,787
State Sources	5,390,187	5,482,904	5,452,929
Federal Sources	425,828	550,456	465,585
Other Transactions	76,000	129,695	152,774
Total Revenues	<u>\$ 9,114,416</u>	<u>\$ 9,370,235</u>	<u>\$ 9,354,075</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	\$ 4,821,544	\$ 5,109,495	\$ 5,071,468
Added Needs	1,184,312	1,187,615	1,165,054
Supporting Services			
Pupil	466,126	530,225	494,197
Instructional Staff	150,217	186,020	182,085
General Administration	262,630	256,902	251,905
School Administration	496,910	533,889	526,774
Business	233,581	244,055	241,677
Operation and Maintenance of Plant	924,172	1,056,856	1,060,967
Pupil Transportation Services	607,882	639,443	630,956
Central Services	142,174	174,687	178,091
Other Support Services	0	1,170	1,169
Community Services	3,384	13,581	8,157
Facilities Acquisition	0	64,727	64,725
Prior Period Adjustments	0	1,680	1,680
Debt Service	0	87,793	87,792
Other Transactions	0	11,645	21,579
Total Expenditures	<u>\$ 9,292,932</u>	<u>\$ 10,099,783</u>	<u>\$ 9,988,276</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (178,516)</u>	<u>\$ (729,548)</u>	<u>\$ (634,201)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Loan Proceeds	\$ 0	\$ 90,000	\$ 90,000
Transfers Out	(416,400)	(130,000)	(130,000)
Total Other Financing Sources (Uses)	<u>\$ (416,400)</u>	<u>\$ (40,000)</u>	<u>\$ (40,000)</u>
Net Change in Fund Balance	<u>\$ (594,916)</u>	<u>\$ (769,548)</u>	<u>\$ (674,201)</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>1,312,042</u>	<u>1,312,042</u>	<u>1,312,042</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 717,126</u></u>	<u><u>\$ 542,494</u></u>	<u><u>\$ 637,841</u></u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2006

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS			CAPITAL PROJECTS	TOTAL
	FOOD	ATHLETIC	LATCHKEY	1997 DEBT	2005 DEBT	DURANT DEBT	FUNDS	NONMAJOR
	SERVICE	ACTIVITIES		RETIREMENT	RETIREMENT	RETIREMENT	STADIUM	GOVERNMENTAL
<u>ASSETS</u>								FUNDS
Cash	\$ 27,922	\$ 4,420	\$ 34,270	\$ 3	\$ 15,604	\$ 0	\$ 6,275	\$ 88,494
Taxes Receivable	0	0	0	0	719	0	0	719
Accounts Receivable	815	194	7,238	0	0	0	0	8,247
Due from Other Governmental Units	11,603	0	11,051	0	0	0	0	22,654
Inventory	15,774	0	0	0	0	0	0	15,774
TOTAL ASSETS	\$ 56,114	\$ 4,614	\$ 52,559	\$ 3	\$ 16,323	\$ 0	\$ 6,275	\$ 135,888
<u>LIABILITIES AND FUND BALANCES</u>								
<u>LIABILITIES</u>								
Accounts Payable	\$ 124	\$ 0	\$ 1,518	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,642
Due to Other Funds	0	630	4,870	3	6,224	0	0	11,727
Salaries Payable	21,569	3,310	0	0	0	0	0	24,879
Accrued Expenditures	6,252	0	0	0	0	0	0	6,252
Deferred Revenue	0	0	0	0	719	0	0	719
TOTAL LIABILITIES	\$ 27,945	\$ 3,940	\$ 6,388	\$ 3	\$ 6,943	\$ 0	\$ 0	\$ 45,219
<u>FUND BALANCE</u>								
Reserved for Inventory	\$ 15,774	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,774
Reserved for Debt Retirement	0	0	0	0	9,380	0	0	9,380
Reserved for Stadium Improvements	0	0	0	0	0	0	6,275	6,275
Designated for Food Service	12,395	0	0	0	0	0	0	12,395
Designated for Athletic Activities	0	674	0	0	0	0	0	674
Designated for Custody and Care of Children	0	0	46,171	0	0	0	0	46,171
Total Fund Balances	\$ 28,169	\$ 674	\$ 46,171	\$ 0	\$ 9,380	\$ 0	\$ 6,275	\$ 90,669
TOTAL LIABILITIES AND FUND BALANCES	\$ 56,114	\$ 4,614	\$ 52,559	\$ 3	\$ 16,323	\$ 0	\$ 6,275	\$ 135,888

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS			CAPITAL PROJECTS	TOTAL
	FOOD	ATHLETIC		1997 DEBT	2005 DEBT	DURANT DEBT	FUNDS	NONMAJOR
	SERVICE	ACTIVITIES	LATCHKEY	RETIREMENT	RETIREMENT	RETIREMENT	STADIUM	GOVERNMENTAL
								FUNDS
<u>REVENUES</u>								
Local Sources	\$ 133,277	\$ 47,728	\$ 260,671	\$ 641,959	\$ 270,619	\$ 0	\$ 53,750	\$ 1,408,004
State Sources	19,271	0	0	82	36	47,349	0	66,738
Federal Sources	316,778	0	277	0	0	0	0	317,055
Total Revenues	\$ 469,326	\$ 47,728	\$ 260,948	\$ 642,041	\$ 270,655	\$ 47,349	\$ 53,750	\$ 1,791,797
<u>EXPENDITURES</u>								
Food Service Activities	\$ 478,525	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 478,525
Athletic Activities	0	191,687	0	0	0	0	0	191,687
Custody and Care of Children	0	0	233,334	0	0	0	0	233,334
Debt Service								
Principal	0	0	0	570,666	120,000	31,696	0	722,362
Interest and Fees	0	0	0	55,151	141,217	15,653	0	212,021
Advance Refunding Escrow	0	0	0	8,000	0	0	0	8,000
Facilities Acquisition	0	0	0	0	0	0	78,465	78,465
Other Transactions	0	0	0	1,111	58	0	0	1,169
Total Expenditures	\$ 478,525	\$ 191,687	\$ 233,334	\$ 634,928	\$ 261,275	\$ 47,349	\$ 78,465	\$ 1,925,563
Excess of Revenues								
Over (Under) Expenditures	\$ (9,199)	\$ (143,959)	\$ 27,614	\$ 7,113	\$ 9,380	\$ 0	\$ (24,715)	\$ (133,766)
<u>OTHER FINANCING SOURCES (USES)</u>								
Transfers In (Out)	0	130,000	0	(19,139)	0	0	30,000	140,861
Net Change in Fund Balance	\$ (9,199)	\$ (13,959)	\$ 27,614	\$ (12,026)	\$ 9,380	\$ 0	\$ 5,285	\$ 7,095
<u>FUND BALANCE</u> - Beginning of Year	37,368	14,633	18,557	12,026	0	0	990	83,574
<u>FUND BALANCE</u> - End of Year	\$ 28,169	\$ 674	\$ 46,171	\$ 0	\$ 9,380	\$ 0	\$ 6,275	\$ 90,669

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 612,852	\$ 944,955
Taxes Receivable	14,155	81,187
Accounts Receivable	9,311	685
Due from Other Funds	12,086	0
Due from Other Governmental Units	1,038,568	1,158,572
Inventory	19,946	18,042
Investments	243,491	295,273
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,950,409	\$ 2,498,714
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 67,451	\$ 27,830
Due to Other Governmental Units	0	18,794
Due to Other Funds	0	5,820
Accrued Expenditures	407,077	358,395
Salaries Payable	714,844	579,824
Deferred Revenue	123,196	196,009
Total Liabilities	<hr/> \$ 1,312,568	<hr/> \$ 1,186,672
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for		
Inventory	\$ 19,946	\$ 18,042
Unreserved		
Designated for Forestry	31,145	38,979
Undesignated	586,750	1,255,021
Total Fund Balance	<hr/> \$ 637,841	<hr/> \$ 1,312,042
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,950,409	\$ 2,498,714
	<hr/> <hr/>	<hr/> <hr/>

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 3,207,180	\$ 3,282,787	\$ 3,013,702
State Sources	5,482,904	5,452,929	5,688,247
Federal Sources	550,456	465,585	482,021
Other Transactions	129,695	152,774	135,869
Total Revenues	<u>\$ 9,370,235</u>	<u>\$ 9,354,075</u>	<u>\$ 9,319,839</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary School	\$ 1,989,871	\$ 1,985,183	\$ 1,747,955
Middle School	1,441,197	1,437,492	1,379,124
High School	1,558,905	1,557,158	1,362,946
Pre School	92,638	79,325	113,761
Summer School	26,884	12,310	10,969
Added Needs			
Special Education	841,979	839,672	738,430
Compensatory Education	345,636	325,382	347,810
Career and Technical Education	0	0	10,412
Supporting Services			
Pupil			
Guidance Services	321,053	312,750	298,224
Social Work Services	176,640	159,252	138,201
Teacher Consultant	0	0	574
Other Pupil Services	32,532	22,195	22,606
Instructional Staff			
Improvement of Instruction	28,922	27,843	77,133
Educational Media Services	129,534	130,157	126,136
Supervision/Direction of Instruction	27,564	24,085	41,563
General Administration			
Board of Education	59,117	56,339	46,327
Executive Administration	197,785	195,566	178,941
School Administration			
Office of the Principal	530,889	524,026	453,933
Other School Administration	3,000	2,748	420

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
Business			
Fiscal Services	168,967	166,675	161,108
Other Business Services	75,088	75,002	86,420
Operation and Maintenance of Plant	1,056,856	1,060,967	957,412
Pupil Transportation Services	639,443	630,956	720,056
Central Support Services	174,687	178,091	150,768
Other Support Services	1,170	1,169	0
Community Services			
Parental Involvement	7,115	1,703	1,904
Custody and Care of Children	3,016	3,016	0
Other Community Services	3,450	3,438	1,600
Facilities Acquisition			
Site Improvement Services	500	500	49,487
Architecture and Engineering Services	575	574	26,586
Building Acquisition and Construction	63,652	63,651	298,947
Prior Period Adjustments	1,680	1,680	0
Debt Services			
Principal Redemption	79,057	79,056	76,330
Interest	8,736	8,736	0
Other Transactions			
Transfers to Other School Districts	11,645	21,579	92,339
Total Expenditures	\$ 10,099,783	\$ 9,988,276	\$ 9,718,422
Excess of Revenues Over (Under) Expenditures	\$ (729,548)	\$ (634,201)	\$ (398,583)
<u>OTHER FINANCING SOURCES (USES)</u>			
Insurance Claims	\$ 0	\$ 0	\$ 301,428
Loan Proceeds	90,000	90,000	0
Transfers Out	(130,000)	(130,000)	(134,000)
Total Other Financing Sources (Uses)	\$ (40,000)	\$ (40,000)	\$ 167,428
Net Change in Fund Balance	\$ (769,548)	\$ (674,201)	\$ (231,155)
<u>FUND BALANCE</u> - Beginning of Year	1,312,042	1,312,042	1,543,197
<u>FUND BALANCE</u> - End of Year	\$ 542,494	\$ 637,841	\$ 1,312,042

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>LOCAL SOURCES</u>			
Property Taxes			
Operating Millage	\$ 3,005,449	\$ 3,025,656	\$ 2,811,794
Interest on Delinquent Taxes	40,300	40,300	20,041
Commercial Forest	608	608	492
Earnings on Investments and Deposits	52,000	52,558	32,976
Vending Machine Sales	6,830	7,774	0
Community Service Activity	12,000	12,430	13,450
Rental of School Property	1,050	1,035	2,603
Contributions from Private Sources	29,200	29,171	31,781
Resource Center	24,609	19,048	23,749
Traverse Area Arts Council	2,438	2,438	1,600
Miscellaneous	32,696	91,769	75,216
Total Local Sources	<u>\$ 3,207,180</u>	<u>\$ 3,282,787</u>	<u>\$ 3,013,702</u>
<u>STATE SOURCES</u>			
Grants-In-Aid Unrestricted			
State School Aid			
Foundation Allowance	\$ 4,655,459	\$ 4,626,160	\$ 4,954,313
Foundation Allowance- Special Education	337,885	378,881	300,871
Grants-In-Aid Restricted			
State School Aid			
At Risk	345,078	331,859	285,493
School Readiness	109,659	96,027	101,541
Advanced and Accelerated Learning	0	0	165
Durant Settlement	14,288	14,288	14,288
ASAP- PIE Grant	4,686	146	31,576
Adolescent Health Center	15,849	5,568	0
Total State Sources	<u>\$ 5,482,904</u>	<u>\$ 5,452,929</u>	<u>\$ 5,688,247</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>FEDERAL SOURCES</u>			
Grants-In-Aid Restricted			
Received from Michigan Department of Education			
Title I	\$ 304,936	\$ 273,067	\$ 237,969
Title II-A - Improving Teacher Quality	78,633	78,633	70,934
Title II-D - Technology Grant	4,742	4,742	6,825
Title V-A	4,612	4,612	7,527
Comprehensive School Reform Demonstration	21,483	21,483	72,227
Handicapped Preschool and School Program	2,580	2,580	0
Received from Intermediate School Districts			
Drug Free Grant	1,933	1,292	2,085
Carl D. Perkins Grant	25,000	23,532	25,000
Medicaid Outreach	49,534	0	2,492
Capacity Building/Idea Grants	0	0	4,130
IDEA Preschool Incentive	15,581	15,581	19,328
Received from Michigan 4C Association			
Michigan 4C Equipment Grant	3,016	3,016	0
Received from Michigan Family Independence Agency			
Strong Families Safe Children	38,406	37,047	33,504
Total Federal Sources	<u>\$ 550,456</u>	<u>\$ 465,585</u>	<u>\$ 482,021</u>
<u>OTHER TRANSACTIONS</u>			
Transfers from Other School Districts Within the State			
Transportation and Miscellaneous	\$ 0	\$ 0	\$ 68,657
Special Education Millage	87,655	99,210	65,030
Insurance Reimbursement	16,773	16,773	0
Prior Period Adjustment	617	617	0
Proceeds from Sale of Capital Assets	4,400	14,700	2,182
Refund of Prior Year Expenses	20,250	21,474	0
Total Other Transactions	<u>\$ 129,695</u>	<u>\$ 152,774</u>	<u>\$ 135,869</u>
 TOTAL REVENUES	 <u>\$ 9,370,235</u>	 <u>\$ 9,354,075</u>	 <u>\$ 9,319,839</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>INSTRUCTION</u>			
<u>Basic Programs</u>			
<u>Elementary</u>			
Salaries	\$ 1,242,337	\$ 1,244,097	\$ 1,119,664
Employee Benefits	688,979	687,346	579,277
Purchased Services	4,450	2,826	2,953
Supplies and Materials	47,055	43,942	41,575
Capital Outlay	3,225	3,221	1,749
Other Expense	3,825	3,751	2,737
Total Elementary	<u>\$ 1,989,871</u>	<u>\$ 1,985,183</u>	<u>\$ 1,747,955</u>
<u>Middle School</u>			
Salaries	\$ 870,047	\$ 868,936	\$ 900,150
Employee Benefits	482,727	485,828	435,540
Purchased Services	11,743	11,407	9,395
Supplies and Materials	73,420	68,176	23,724
Capital Outlay	1,030	1,026	5,996
Other Expense	2,230	2,119	4,319
Total Middle School	<u>\$ 1,441,197</u>	<u>\$ 1,437,492</u>	<u>\$ 1,379,124</u>
<u>High School</u>			
Salaries	\$ 960,203	\$ 951,810	\$ 853,454
Employee Benefits	526,369	526,075	452,332
Purchased Services	12,577	11,793	8,802
Supplies and Materials	49,791	48,181	35,537
Capital Outlay	3,900	3,804	9,461
Other Expense	6,065	5,757	3,360
Tuition	0	9,738	0
Total High School	<u>\$ 1,558,905</u>	<u>\$ 1,557,158</u>	<u>\$ 1,362,946</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Preschool</u>			
Salaries	\$ 53,593	\$ 48,714	\$ 63,471
Employee Benefits	32,174	27,897	44,729
Purchased Services	1,100	891	943
Supplies and Materials	5,249	1,076	3,811
Other Expense	522	747	807
Total Preschool	<u>\$ 92,638</u>	<u>\$ 79,325</u>	<u>\$ 113,761</u>
<u>Summer School</u>			
Salaries	\$ 15,100	\$ 7,533	\$ 7,714
Employee Benefits	3,634	1,823	1,737
Supplies and Materials	4,550	2,265	158
Other Expense	3,600	689	1,360
Total Summer School	<u>\$ 26,884</u>	<u>\$ 12,310</u>	<u>\$ 10,969</u>
<u>Added Needs</u>			
<u>Special Education</u>			
Salaries	\$ 502,090	\$ 499,258	\$ 449,434
Employee Benefits	326,178	326,681	261,406
Purchased Services	2,426	2,647	4,996
Supplies and Materials	6,000	5,852	18,769
Capital Outlay	3,510	3,510	1,661
Other Expense	1,775	1,724	2,164
Total Special Education	<u>\$ 841,979</u>	<u>\$ 839,672</u>	<u>\$ 738,430</u>
<u>Compensatory Education</u>			
Salaries	\$ 164,120	\$ 173,342	\$ 211,661
Employee Benefits	105,292	102,504	111,827
Purchased Services	3,368	1,359	5,958
Supplies and Materials	39,576	16,377	2,964
Other Expense	33,280	31,800	15,400
Total Compensatory Education	<u>\$ 345,636</u>	<u>\$ 325,382</u>	<u>\$ 347,810</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>Career and Technical Education</u>			
Salaries	\$ 0	\$ 0	\$ 5,681
Employee Benefits	0	0	4,731
Total Career and Technical Education	\$ 0	\$ 0	\$ 10,412

SUPPORTING SERVICES

Pupil

Guidance Services

Salaries	\$ 192,242	\$ 188,888	\$ 195,167
Employee Benefits	108,605	104,513	95,455
Purchased Services	312	310	4,892
Supplies and Materials	1,044	1,039	2,682
Other Expense	18,850	18,000	28
Total Guidance Services	\$ 321,053	\$ 312,750	\$ 298,224

Social Work Services

Salaries	\$ 107,070	\$ 96,157	\$ 82,677
Employee Benefits	61,492	56,376	49,370
Purchased Services	7,572	6,501	5,950
Supplies and Materials	506	218	204
Total Social Work Services	\$ 176,640	\$ 159,252	\$ 138,201

Teacher Consultant

Purchased Services	\$ 0	\$ 0	\$ 574
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Other Pupil Services

Salaries	\$ 22,346	\$ 14,633	\$ 16,456
Employee Benefits	10,186	7,562	3,526
Purchased Services	0	0	2,624
Total Other Pupil Services	\$ 32,532	\$ 22,195	\$ 22,606

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Instructional Staff</u>			
<u>Improvement of Instruction</u>			
Salaries	\$ 1,967	\$ 1,967	\$ 10,496
Employee Benefits	451	451	2,250
Purchased Services	25,597	24,518	53,155
Supplies and Materials	907	907	9,679
Other Expense	0	0	1,553
Total Improvement of Instruction	<u>\$ 28,922</u>	<u>\$ 27,843</u>	<u>\$ 77,133</u>
<u>Education Media Services</u>			
Salaries	\$ 79,304	\$ 80,361	\$ 76,565
Employee Benefits	37,737	37,327	34,308
Purchased Services	203	203	583
Supplies and Materials	12,290	12,266	11,622
Capital Outlay	0	0	3,058
Total Education Media Services	<u>\$ 129,534</u>	<u>\$ 130,157</u>	<u>\$ 126,136</u>
<u>Supervision/Direction of Instruction</u>			
Salaries	\$ 14,700	\$ 13,654	\$ 29,670
Employee Benefits	10,300	9,877	11,801
Purchased Services	50	0	0
Supplies and Materials	1,000	410	92
Other Expense	1,514	144	0
Total Supervision/Direction of Instruction	<u>\$ 27,564</u>	<u>\$ 24,085</u>	<u>\$ 41,563</u>
<u>General Administration</u>			
<u>Board of Education</u>			
Salaries	\$ 2,350	\$ 2,229	\$ 2,373
Employee Benefits	670	350	365
Purchased Services	44,213	40,176	35,564
Other Expense	11,884	13,584	8,025
Total Board of Education	<u>\$ 59,117</u>	<u>\$ 56,339</u>	<u>\$ 46,327</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>Executive Administration</u>			
Salaries	\$ 132,760	\$ 132,720	\$ 121,631
Employee Benefits	57,635	55,800	47,518
Purchased Services	4,480	4,432	6,672
Supplies and Materials	1,400	1,163	1,751
Capital Outlay	0	0	285
Other Expense	1,510	1,451	1,084
Total Executive Administration	<u>\$ 197,785</u>	<u>\$ 195,566</u>	<u>\$ 178,941</u>
<u>School Administration</u>			
<u>Office of the Principal</u>			
Salaries	\$ 298,060	\$ 297,655	\$ 258,490
Employee Benefits	182,124	176,568	146,734
Purchased Services	40,292	39,399	38,893
Supplies and Materials	6,000	5,996	4,967
Capital Outlay	0	0	490
Other Expenses	4,413	4,408	4,359
Total Office of the Principal	<u>\$ 530,889</u>	<u>\$ 524,026</u>	<u>\$ 453,933</u>
<u>Other School Administration</u>			
Supplies and Materials	<u>\$ 3,000</u>	<u>\$ 2,748</u>	<u>\$ 420</u>
<u>Business</u>			
<u>Fiscal Services</u>			
Salaries	\$ 100,100	\$ 99,642	\$ 97,943
Employee Benefits	60,227	59,299	50,521
Purchased Services	4,500	4,348	3,622
Supplies and Materials	3,000	2,469	3,912
Capital Outlay	0	0	401
Other Expense	1,140	917	4,709
Total Fiscal Services	<u>\$ 168,967</u>	<u>\$ 166,675</u>	<u>\$ 161,108</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Other Business Services</u>			
Purchased Services	\$ 43,338	\$ 43,285	\$ 50,372
Other Expense	31,750	31,717	36,048
Total Other Business Services	<u>\$ 75,088</u>	<u>\$ 75,002</u>	<u>\$ 86,420</u>
 <u>Operation and Maintenance</u>			
Salaries	\$ 268,988	\$ 269,131	\$ 264,181
Employee Benefits	195,195	194,595	173,978
Purchased Services	114,750	112,766	164,739
Supplies and Materials	351,802	348,257	333,487
Capital Outlay	121,111	131,351	20,849
Other Expense	5,010	4,867	178
Total Operation and Maintenance	<u>\$ 1,056,856</u>	<u>\$ 1,060,967</u>	<u>\$ 957,412</u>
 <u>Pupil Transportation Services</u>			
Salaries	\$ 232,746	\$ 234,313	\$ 234,502
Employee Benefits	254,643	258,373	225,329
Purchased Services	48,654	45,055	103,345
Supplies and Materials	87,700	81,063	67,885
Capital Outlay	7,200	7,191	74,950
Other Expense	8,500	4,961	14,045
Total Pupil Transportation Services	<u>\$ 639,443</u>	<u>\$ 630,956</u>	<u>\$ 720,056</u>
 <u>Central Support Services</u>			
<u>Technology</u>			
Salaries	\$ 61,800	\$ 61,792	\$ 59,534
Employee Benefits	30,962	30,628	27,725
Purchased Services	37,625	42,870	9,151
Supplies and Materials	26,200	24,724	12,998
Capital Outlay	18,100	18,077	41,360
Total Technology	<u>\$ 174,687</u>	<u>\$ 178,091</u>	<u>\$ 150,768</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Other Support Services</u>			
Supplies and Materials	\$ 1,170	\$ 1,169	\$ 0
<u>COMMUNITY SERVICES</u>			
<u>Parental Involvement</u>			
Other Expense	\$ 7,115	\$ 1,703	\$ 1,904
<u>Custody and Care of Children</u>			
Purchased Services	\$ 3,016	\$ 3,016	\$ 0
<u>Other Community Services</u>			
Capital Outlay	\$ 3,450	\$ 3,438	\$ 1,600
<u>FACILITIES ACQUISITION</u>			
<u>Site Improvement Services</u>			
Capital Outlay	\$ 500	\$ 500	\$ 49,487
<u>Architecture and Engineering Services</u>			
Purchased Services	\$ 575	\$ 574	\$ 26,586
<u>Building Acquisition and Construction</u>			
Capital Outlay	\$ 63,652	\$ 63,651	\$ 298,947
<u>PRIOR PERIOD ADJUSTMENTS</u>			
Other Expense	\$ 1,680	\$ 1,680	\$ 0
<u>DEBT SERVICES</u>			
<u>Equipment Loans</u>			
Principal Redemption	\$ 79,057	\$ 79,056	\$ 76,330
Interest	8,736	8,736	0
Total School Bus Loans	\$ 87,793	\$ 87,792	\$ 76,330

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>OTHER TRANSACTIONS</u>			
<u>Transfers to Other School Districts</u>			
Other Transits	\$ 0	\$ 9,430	\$ 16,602
Tuition	0	0	61,037
Intermediate School District	5,000	5,571	14,700
Miscellaneous	6,645	6,578	0
Total Transfers to Other Districts	\$ 11,645	\$ 21,579	\$ 92,339
 TOTAL EXPENDITURES	 \$ 10,093,917	 \$ 9,988,276	 \$ 9,718,422

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2004 DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 177,397	\$ 41,745
Taxes Receivable	4,316	13,182
Due from Other Funds	5,301	3,968
	<hr/>	<hr/>
TOTAL ASSETS	\$ 187,014	\$ 58,895
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 6,054
Due to Other Funds	5,191	0
Deferred Revenue	4,316	13,182
	<hr/>	<hr/>
Total Liabilities	\$ 9,507	\$ 19,236
<u>FUND BALANCE</u>		
Reserved for Debt Retirement	177,507	39,659
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 187,014	\$ 58,895
	<hr/>	<hr/>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2004 DEBT RETIREMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2006	2005
<u>REVENUES</u>		
Local Sources		
Property Taxes	\$ 757,793	\$ 1,644,777
Interest on Delinquent Taxes	7,438	7,939
Earnings on Investments and Deposits	14,701	17,175
State Sources		
Payments in Lieu of Tax		
Commercial Forest	106	0
Total Revenues	<u>\$ 780,038</u>	<u>\$ 1,669,891</u>
<u>EXPENDITURES</u>		
Debt Service		
Bond Principal	\$ 285,000	\$ 1,050,729
School Bond Loan Principal	47,111	0
Refunding Bond Issuance Costs	76,809	0
Interest and Fees	325,286	579,328
Other Transactions	7,395	175
Total Expenditures	<u>\$ 741,601</u>	<u>\$ 1,630,232</u>
Excess of Revenues Over (Under)		
Expenditures	<u>\$ 38,437</u>	<u>\$ 39,659</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	\$ 19,139	\$ 0
Proceeds of Refunding Bonds	4,431,047	0
Payment to Refunded Bond Escrow Agent	<u>(4,350,775)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ 99,411</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 137,848	\$ 39,659
<u>FUND BALANCE</u> - Beginning of Year	<u>39,659</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 177,507</u></u>	<u><u>\$ 39,659</u></u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SINKING FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 113,193	\$ 149,375
Taxes Receivable	309	1,541
Due from Other Funds	0	248
	<hr/>	<hr/>
TOTAL ASSETS	\$ 113,502	\$ 151,164
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 30,632
Due to Other Funds	469	0
Deferred Revenue	309	1,541
	<hr/>	<hr/>
Total Liabilities	\$ 778	\$ 32,173
<u>FUND BALANCE</u>		
Unreserved	112,724	118,991
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 113,502	\$ 151,164
	<hr/> <hr/>	<hr/> <hr/>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SINKING FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Local Sources		
Property Taxes	\$ 104,554	\$ 100,824
Interest on Delinquent Taxes	1,021	486
Earnings on Investments and Deposits	5,399	4,423
State Sources		
Payments in Lieu of Tax		
Commercial Forest	14	0
Total Revenues	<u>\$ 110,988</u>	<u>\$ 105,733</u>
<u>EXPENDITURES</u>		
Supporting Services		
Operation and Maintenance of Plant		
Purchased Services	\$ 86,516	\$ 119,725
Facilities Acquisition		
Capital Outlay	0	125,000
Other Transactions	739	195
Total Expenditures	<u>\$ 87,255</u>	<u>\$ 244,920</u>
Excess of Revenues Over (Under)		
Expenditures	\$ 23,733	\$ (139,187)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfer Out	(30,000)	0
Net Change in Fund Balance	\$ (6,267)	\$ (139,187)
<u>FUND BALANCE</u> - Beginning of Year	<u>118,991</u>	<u>258,178</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 112,724</u>	<u>\$ 118,991</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 27,922	\$ 46,673
Accounts Receivable	815	0
Due from Other Funds	0	1,279
Due from Other Governments	11,603	3,514
Inventory	15,774	16,694
	<hr/>	<hr/>
TOTAL ASSETS	\$ 56,114	\$ 68,160
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 124	\$ 215
Due to Other Funds	0	1,141
Salaries Payable	21,569	20,116
Accrued Expenditures	6,252	9,320
	<hr/>	<hr/>
Total Liabilities	\$ 27,945	\$ 30,792
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	\$ 15,774	\$ 16,694
Unreserved		
Designated for Food Service	12,395	20,674
	<hr/>	<hr/>
Total Fund Balance	\$ 28,169	\$ 37,368
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 56,114	\$ 68,160
	<hr/>	<hr/>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Food Sales to Pupils	\$ 82,200	\$ 81,204	\$ 82,930
Food Sales to Adults	6,800	6,739	5,044
Ala-Carte Sales and Milk Sales	39,265	38,004	64,709
Other Income	6,500	7,330	4,432
State Sources			
State Aid	20,000	19,271	20,598
Supplemental Breakfast Program	0	0	1,136
Federal Sources			
National School Breakfast Program	0	59,833	68,923
National School Lunch Program	286,000	210,235	221,670
U.S.D.A. Non-Bonus Commodities	23,363	21,339	24,193
U.S.D.A. Bonus Commodities	747	1,196	5,758
Summer Food Service Program for Children	0	24,175	17,225
Total Revenues	<u>\$ 464,875</u>	<u>\$ 469,326</u>	<u>\$ 516,618</u>
<u>EXPENDITURES</u>			
Food Service Activities			
Salaries	\$ 138,330	\$ 137,730	\$ 137,939
Employee Benefits	105,286	102,494	97,920
Purchased Services	2,875	2,871	4,901
Supplies and Materials	241,405	229,909	269,150
Capital Outlay	3,086	3,085	0
Other Expenses	2,500	2,436	1,340
Total Expenditures	<u>\$ 493,482</u>	<u>\$ 478,525</u>	<u>\$ 511,250</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (28,607)</u>	<u>\$ (9,199)</u>	<u>\$ 5,368</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>37,368</u>	<u>37,368</u>	<u>32,000</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 8,761</u>	<u>\$ 28,169</u>	<u>\$ 37,368</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 4,420	\$ 17,394
Accounts Receivable	194	323
TOTAL ASSETS	<u>\$ 4,614</u>	<u>\$ 17,717</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Salaries Payable	\$ 3,310	\$ 3,084
Due to Other Funds	630	0
Total Liabilities	\$ 3,940	\$ 3,084
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	674	14,633
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,614</u>	<u>\$ 17,717</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

ATHLETIC ACTIVITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 38,337	\$ 38,337	\$ 35,854
Entry Fees	5,895	5,895	4,933
Donations	1,700	1,699	11,105
Miscellaneous	1,800	1,797	3,680
Total Revenues	\$ 47,732	\$ 47,728	\$ 55,572
<u>EXPENDITURES</u>			
Athletic Activities			
Salaries	\$ 117,412	\$ 117,405	\$ 113,184
Employee Benefits	24,557	25,181	23,234
Purchased Services	18,221	18,176	16,752
Supplies and Materials	11,070	11,067	22,841
Capital Outlay	8,437	8,436	12,147
Other Expense	9,812	9,829	10,011
Transfers to Other Districts	1,594	1,593	1,431
Total Expenditures	\$ 191,103	\$ 191,687	\$ 199,600
Excess of Revenues Over (Under) Expenditures	\$ (143,371)	\$ (143,959)	\$ (144,028)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	130,000	130,000	134,000
Net Change in Fund Balance	\$ (13,371)	\$ (13,959)	\$ (10,028)
<u>FUND BALANCE</u> - Beginning of Year	14,633	14,633	24,661
<u>FUND BALANCE</u> - End of Year	\$ 1,262	\$ 674	\$ 14,633

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

LATCH KEY FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 34,270	\$ 6,018
Accounts Receivable	7,238	12,522
Due from Other Funds	0	1,141
Due from Other Governmental Units	11,051	4,962
	<hr/>	
TOTAL ASSETS	<u>\$ 52,559</u>	<u>\$ 24,643</u>
	<hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,518	\$ 88
Due to Other Funds	4,870	0
Salaries Payable	0	5,998
	<hr/>	
Total Liabilities	\$ 6,388	\$ 6,086
	<hr/>	
<u>FUND BALANCE</u>		
Unreserved		
Designated for Custody and Care of Children	46,171	18,557
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 52,559</u>	<u>\$ 24,643</u>
	<hr/>	

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

LATCH KEY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 0	\$ 0	\$ 641
Contributions from Private Sources	1,132	1,132	40
Charges for Child Care Services			
Private Pay			
Children, Infants and Toddlers	63,500	65,478	74,793
Michigan Family Independence Agency			
Children, Infants and Toddlers	115,500	118,183	151,471
Northwest Michigan Human Services	71,000	75,690	80,057
Miscellaneous	142	188	2,581
Federal Sources			
Child Care Food Program	277	277	5,075
Total Revenues	<u>\$ 251,551</u>	<u>\$ 260,948</u>	<u>\$ 314,658</u>
<u>EXPENDITURES</u>			
Custody and Care of Children			
Children, Infants and Toddlers			
Salaries	\$ 64,450	\$ 64,358	\$ 170,275
Employee Benefits	39,193	44,051	161,957
Purchased Services	116,650	119,273	36,406
Supplies and Materials	3,540	2,425	13,945
Capital Outlay	0	0	9,521
Other Expenses	3,500	3,227	1,523
Total Expenditures	<u>\$ 227,333</u>	<u>\$ 233,334</u>	<u>\$ 393,627</u>
Excess of Revenues Over (Under)			
Expenditures	\$ 24,218	\$ 27,614	\$ (78,969)
<u>FUND BALANCE</u> - Beginning of Year	<u>18,557</u>	<u>18,557</u>	<u>97,526</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 42,775</u>	<u>\$ 46,171</u>	<u>\$ 18,557</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

1997 DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 3	\$ 12,197
Taxes Receivable	0	13,963
Due from Other Funds	0	325
	<hr/>	<hr/>
TOTAL ASSETS	\$ 3	\$ 26,485
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 496
Due to Other Funds	3	0
Deferred Revenue	0	13,963
	<hr/>	<hr/>
Total Liabilities	\$ 3	\$ 14,459
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Debt Retirement	0	12,026
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 3	\$ 26,485
	<hr/> <hr/>	<hr/> <hr/>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

1997 DEBT RETIREMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Local Sources		
Property Taxes	\$ 623,393	\$ 135,169
Interest on Delinquent Taxes	7,126	651
Earnings on Investments and Deposits	11,440	11,115
State Sources		
Payments in Lieu of Tax		
Commercial Forest	82	0
Total Revenues	<u>\$ 642,041</u>	<u>\$ 146,935</u>
<u>EXPENDITURES</u>		
Debt Service		
Bond Principal	\$ 500,000	\$ 500,000
School Bond Loan Principal	70,666	0
Interest	55,151	295,789
Advance Refunding Escrow	8,000	0
Other Transactions	1,111	360
Total Expenditures	<u>\$ 634,928</u>	<u>\$ 796,149</u>
Excess of Revenues Over (Under)		
Expenditures	\$ 7,113	\$ (649,214)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfer Out	<u>(19,139)</u>	<u>0</u>
Net Change in Fund Balance	\$ (12,026)	\$ (649,214)
<u>FUND BALANCE</u> - Beginning of Year	<u>12,026</u>	<u>661,240</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 12,026</u></u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2005 DEBT RETIREMENT FUND

BALANCE SHEET
JUNE 30, 2006

ASSETS

Cash	\$ 15,604
Taxes Receivable	<u>719</u>
 TOTAL ASSETS	 <u><u>\$ 16,323</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Funds	\$ 6,224
Deferred Revenue	<u>719</u>

TOTAL LIABILITIES	\$ 6,943
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FUND BALANCE

Reserved for Debt Retirement	<u>9,380</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 16,323</u></u>
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MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2005 DEBT RETIREMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,2006

REVENUES

Local Sources	
Property Taxes	\$ 261,222
Interest on Delinquent Taxes	1,674
Earnings on Investments and Deposits	3,127
Miscellaneous	4,596
State Sources	
Payments in Lieu of Tax	
Commercial Forest	36
Total Revenues	<u>\$ 270,655</u>

EXPENDITURES

Debt Service	
Principal	\$ 120,000
Interest and Fees	141,217
Other Transactions	58
Total Expenditures	<u>\$ 261,275</u>

Excess of Revenues Over (Under)	
Expenditures	\$ 9,380

<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>
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<u>FUND BALANCE</u> - End of Year	<u>\$ 9,380</u>
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MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

DURANT DEBT RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
State Sources		
Durant Settlement Debt Service	\$ 47,349	\$ 0
<u>EXPENDITURES</u>		
Debt Service		
Redemption of Principal	\$ 31,696	\$ 0
Interest on Debt	15,653	0
Total Expenditures	\$ 47,349	\$ 0
Excess of Revenues Over (Under)		
Expenditures	\$ 0	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	0	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

STADIUM CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET
JUNE 30, 2006

	<u>2006</u>	<u>2005</u>
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 6,275	\$ 990
	<hr/>	
	<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	\$ 0	\$ 0
	<hr/>	
<u>FUND BALANCE</u>		
Reserved	6,275	990
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,275	\$ 990
	<hr/>	

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

STADIUM CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Local Sources		
Contributions from Private Sources	\$ 53,750	\$ 1,500
<u>EXPENDITURES</u>		
Facilities Acquisition		
Purchased Services	\$ 0	\$ 510
Capital Outlay	75,418	0
Other Expenditures	3,047	0
Total Expenditures	\$ 78,465	\$ 510
Excess of Revenues Over (Under)		
Expenditures	\$ (24,715)	\$ 990
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	30,000	0
Net Change in Fund Balance	\$ 5,285	\$ 990
<u>FUND BALANCE</u> - Beginning of Year	990	0
<u>FUND BALANCE</u> - End of Year	\$ 6,275	\$ 990

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 7/01/05	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/06
Band Fund	\$ 303	\$ 412	\$ 714	\$ 1
Band Uniform Fund	1,468	1,136	2,475	129
Baseball	1,697	1,070	2,000	767
Boys Basketball	1,350	976	1,436	890
Candy Sales - 3rd - McLeod	0	78	0	78
Candy Sales - 3rd - Nusse	0	40	0	40
Candy Sales - 4th - Southwell	0	441	0	441
Candy Sales - 4th - Elder	0	40	0	40
Candy Sales - 4th - Maue	0	304	0	304
Cheerleaders - J.V. and Varsity	1,596	909	919	1,586
Class of 2002	180	0	0	180
Class of 2003	277	0	0	277
Class of 2004	269	0	269	0
Class of 2005	1,775	0	1,775	0
Class of 2006	1,139	1,648	2,668	119
Class of 2007	1,040	5,101	5,531	610
Class of 2008	277	2,359	1,424	1,212
Class of 2009	0	3,767	2,368	1,399
Cross Country Invitational	0	1,080	850	230
Drama	185	0	183	2
Elementary Athletic	1,278	1,436	1,684	1,030
Elementary Carnival	7,534	6,557	4,049	10,042
Elementary Classroom Fund	8,284	2,197	3,970	6,511
Elementary Garden Project	0	9,308	4,313	4,995
Elementary Library	196	3,522	3,583	135
Elementary M.E.F. Grants	1,096	0	0	1,096
Elementary Nutrition	0	323	0	323
Elementary Playground Project	9,533	29,198	21,189	17,542
Elementary Pop	454	0	0	454
Elementary Principal	2,262	2,264	2,908	1,618
Elementary Resource	628	8,341	8,370	599
Elementary Social Studies	357	0	0	357

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 7/01/05	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/06
Eighth Grade	294	92	141	245
Female Athletics	200	0	0	200
Fifth Grade	2,104	4,931	4,656	2,379
Football Dinners	42	0	0	42
Gifted and Talented	1,453	6,792	6,585	1,660
Girls Basketball Fund Raising	430	4,571	4,790	211
GT Regional Foundation	321	4,235	4,474	82
High School Art Department	261	0	0	261
High School Book Club	16	455	451	20
High School Environmental Club	215	0	0	215
High School Home Economics	1,121	728	784	1,065
High School Library	1,090	4,150	4,323	917
High School Mexico Trip	297	1,271	424	1,144
High School Boys Track	355	658	706	307
Irene Erber Kids Fund	685	0	0	685
JV Softball	311	407	90	628
Locker Fund	218	0	0	218
Mancelona High School	4,324	4,683	4,834	4,173
Middle School	11,134	12,502	15,683	7,953
Middle School Band	363	3,157	3,420	100
Middle School Fundraiser	0	6,948	6,948	0
Middle School Resource	502	0	0	502
Middle School Student Council	255	0	47	208
Middle School Terrific Tuesdays	183	0	0	183
National Honor Society	44	66	99	11
Senior Video	298	0	0	298
Seventh Grade	24	4,379	2,629	1,774
Sixth Grade	58	3,589	2,709	938
Ski Club	58	0	0	58
Spanish Club	1	0	0	1
Student Council	1,151	725	1,261	615
Suspense	2,368	4,027	2,001	4,394

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 7/01/05	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/06
S.A.D.D.	408	0	10	398
Theater Trip	364	21,462	21,177	649
Third and Fourth Grade	3,102	7,402	7,044	3,460
Varsity Softball	238	300	331	207
Volleyball	20	1,615	1,250	385
Wrestling	291	0	0	291
Yearbook	4,473	8,779	6,888	6,364
Young Authors	2,050	11,193	9,809	3,434
	<u>\$ 84,300</u>	<u>\$ 201,624</u>	<u>\$ 186,242</u>	<u>\$ 99,682</u>

Represented by

Assets

Cash

\$ 84,300

\$ 99,682

Liabilities

Due to Groups and

Organizations

\$ 84,300

\$ 99,682

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
SCHEDULE OF 2005 TAX ROLL
YEAR ENDED JUNE 30, 2006

	TAXABLE VALUATIONS	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND (18.00 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Mancelona Township	\$ 52,675,179	\$ 948,144	\$ 807,215	\$ 140,929
Helena Township	50,870,127	915,659	876,581	39,078
Custer Township	43,954,998	791,184	694,802	96,382
Chestonia Township	3,493,276	62,879	62,023	856
<u>KALKASKA COUNTY</u>				
Coldsprings Township	11,563,702	206,481	196,557	9,924
Rapid River Township	1,690,205	32,051	28,458	3,593
	<u>\$ 164,247,487</u>	<u>\$ 2,956,398</u>	<u>\$ 2,665,636</u>	<u>\$ 290,762</u>
<u>SINKING FUND (0.3822 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Mancelona Township	\$ 92,807,712	\$ 35,469	\$ 30,777	\$ 4,692
Helena Township	91,289,096	34,890	33,456	1,434
Custer Township	57,763,153	22,076	19,551	2,525
Chestonia Township	5,735,793	2,192	2,058	134
<u>KALKASKA COUNTY</u>				
Coldsprings Township	18,710,417	7,117	6,677	440
Rapid River Township	3,769,791	1,414	1,203	211
	<u>\$ 270,075,962</u>	<u>\$ 103,158</u>	<u>\$ 93,722</u>	<u>\$ 9,436</u>
<u>1997 DEBT RETIREMENT FUND (2.2000 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Mancelona Township	\$ 92,807,712	\$ 204,166	\$ 177,156	\$ 27,010
Helena Township	91,289,096	200,834	192,582	8,252
Custer Township	57,763,153	127,072	112,542	14,530
Chestonia Township	5,735,793	12,618	11,849	769
<u>KALKASKA COUNTY</u>				
Coldsprings Township	18,710,417	40,969	38,434	2,535
Rapid River Township	3,769,791	8,136	6,925	1,211
	<u>\$ 270,075,962</u>	<u>\$ 593,795</u>	<u>\$ 539,488</u>	<u>\$ 54,307</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
SCHEDULE OF 2005 TAX ROLL
YEAR ENDED JUNE 30, 2006

	TAXABLE VALUATIONS	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>2004 DEBT RETIREMENT FUND (2.8300 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Mancelona Township	\$ 92,807,712	\$ 262,632	\$ 227,887	\$ 34,745
Helena Township	91,289,096	258,345	247,730	10,615
Custer Township	57,763,153	163,461	144,769	18,692
Chestonia Township	5,735,793	16,232	15,242	990
<u>KALKASKA COUNTY</u>				
Coldsprings Township	18,710,417	52,701	49,441	3,260
Rapid River Township	3,769,791	10,466	8,908	1,558
	<u>\$ 270,075,962</u>	<u>\$ 763,837</u>	<u>\$ 693,977</u>	<u>\$ 69,860</u>
<u>2005 DEBT RETIREMENT FUND (0.9700 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Mancelona Township	\$ 92,807,712	\$ 90,018	\$ 78,110	\$ 11,908
Helena Township	91,289,096	88,549	84,911	3,638
Custer Township	57,763,153	56,027	49,621	6,406
Chestonia Township	5,735,793	5,564	5,224	340
<u>KALKASKA COUNTY</u>				
Coldsprings Township	18,710,417	18,064	16,946	1,118
Rapid River Township	3,769,791	3,587	3,053	534
	<u>\$ 270,075,962</u>	<u>\$ 261,809</u>	<u>\$ 237,865</u>	<u>\$ 23,944</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

1997 BOND ISSUE
JUNE 30, 2006

SUBSEQUENT EVENT

On July 7, 2005, the district issued its 2005 Refunding Bonds in the amount of \$4,540,000. Remaining maturities for the 1997 School Building and Site Bonds for the years 2007 and 2019 through 2023 were refunded from the proceeds of the 2005 Refunding Bonds.

TITLE OF ISSUE

1997 School Building and Site Bonds

PURPOSE

For the purpose of erecting, furnishing and equipping a new high school; erecting, furnishing and equipping additions to and partially remodeling, refurbishing and re-equipping the existing K-5 elementary school in part to provide a grade K-4 facility and providing playground improvements; partially remodeling, refurbishing and re-equipping the existing middle school in part to provide for a grade 5, 6 and pre-school facility; partially remodeling, refurbishing and re-equipping the vocational building; erecting, furnishing and equipping additions to the existing high school and erecting enclosed walkways connecting the existing high school to the middle school and vocational building; acquiring and installing educational technology and acquiring, developing and improving sites.

DATE OF ISSUE

June 1, 1997

AMOUNT OF ISSUE

\$ 15,995,000

AMOUNT REDEEMED

Prior to Current Year

\$ 11,245,000

During Current Year

4,750,000 15,995,000

BALANCE OUTSTANDING

\$ 0

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2004 REFUNDING BONDS
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2004 Refunding Bonds (General Obligation-Unlimited Tax)
<u>PURPOSE</u>	For the purpose of refunding part of the District's 1978 School District bonds, dated May 1, 1978, which are due July 1, 2005, through July 1, 2007, and the 1997 School Building and Site Bonds, dated June 1, 1997, which are due and payable May 1, 2007, through May 1, 2014, inclusive, and May 1, 2018, and to pay the costs of issuing the bonds.
<u>DATE OF ISSUE</u>	March 30, 2004
<u>AMOUNT OF ISSUE</u>	\$ 9,405,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 260,000
During Current Year	285,000 545,000
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<u>\$ 8,860,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2006		\$ 151,871	\$ 151,871	
May 1, 2007	3.00%	436,871	151,871	\$ 285,000
November 1, 2007		147,596	147,596	
May 1, 2008	4.00%	987,596	147,596	840,000
November 1, 2008		130,796	130,796	
May 1, 2009	2.75%	965,796	130,796	835,000
November 1, 2009		119,315	119,315	
May 1, 2010	3.00%	939,315	119,315	820,000
November 1, 2010		107,015	107,015	
May 1, 2011	3.00%	912,015	107,015	805,000
November 1, 2011		94,940	94,940	
May 1, 2012	3.20%	884,940	94,940	790,000
November 1, 2012		82,300	82,300	

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2004 REFUNDING BONDS
JUNE 30, 2006

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2013	3.40%	857,300	82,300	775,000
November 1, 2013		69,125	69,125	
May 1, 2014	3.50%	834,125	69,125	765,000
November 1, 2014		55,738	55,738	
May 1, 2015	3.60%	810,738	55,738	755,000
November 1, 2015		42,148	42,148	
May 1, 2016	3.75%	782,148	42,148	740,000
November 1, 2016		28,272	28,272	
May 1, 2017	3.85%	758,272	28,272	730,000
November 1, 2017		14,220	14,220	
May 1, 2018	3.95%	734,220	14,220	720,000
		<u>\$ 10,946,672</u>	<u>\$ 2,086,672</u>	<u>\$ 8,860,000</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2005 REFUNDING BONDS
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2005 Refunding Bonds (General Obligation-Unlimited Tax)
<u>PURPOSE</u>	For the purpose of refunding part of the District's 1997 School Building and Site Bonds, dated June 1, 1997, which are due and payable May 1, 2007, and May 1, 2019, through May 1, 2023, inclusive, and to pay the costs of issuing the bonds.
<u>DATE OF ISSUE</u>	July 7, 2005
<u>AMOUNT OF ISSUE</u>	\$ 4,540,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 0
During Current Year	120,000 120,000
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<u>\$ 4,420,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2006		\$ 84,659	\$ 84,659	
May 1, 2007	3.000%	564,659	84,659	\$ 480,000
November 1, 2007		77,459	77,459	
May 1, 2008		77,459	77,459	0
November 1, 2008		77,459	77,459	
May 1, 2009		77,459	77,459	0
November 1, 2009		77,459	77,459	
May 1, 2010		77,459	77,459	0
November 1, 2010		77,459	77,459	
May 1, 2011		77,459	77,459	0
November 1, 2011		77,459	77,459	
May 1, 2012		77,459	77,459	0
November 1, 2012		77,459	77,459	
May 1, 2013		77,459	77,459	0
November 1, 2013		77,459	77,459	
May 1, 2014		77,459	77,459	0

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2005 REFUNDING BONDS

JUNE 30, 2006

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2014		77,459	77,459	
May 1, 2015		77,459	77,459	0
November 1, 2015		77,459	77,459	
May 1, 2016		77,459	77,459	0
November 1, 2016		77,459	77,459	
May 1, 2017		77,459	77,459	0
November 1, 2017		77,459	77,459	
May 1, 2018	3.800%	122,459	77,459	45,000
November 1, 2018		76,604	76,604	
May 1, 2019	3.800%	876,604	76,604	800,000
November 1, 2019		61,404	61,404	
May 1, 2020	3.875%	846,404	61,404	785,000
November 1, 2020		46,195	46,195	
May 1, 2021	3.950%	826,195	46,195	780,000
November 1, 2021		30,790	30,790	
May 1, 2022	4.000%	800,790	30,790	770,000
November 1, 2022		15,390	15,390	
May 1, 2023	4.050%	775,390	15,390	760,000
		<u>\$ 6,754,182</u>	<u>\$ 2,334,182</u>	<u>\$ 4,420,000</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

DURANT BONDS
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	1998 School Building and Site Bonds
<u>PURPOSE</u>	This bond is issued for purposes permitted in Section 1351a of Act 451, Public Acts of Michigan, 1976 pursuant to the authority granted under Act 94, Public Acts of Michigan, 1979, and a resolution duly adopted by the Mancelona Board of Education.
<u>DATE OF ISSUE</u>	November 24, 1998
<u>INTEREST PAYABLE</u>	May 15th, of each year
<u>REDEMPTION PRIOR TO MATURITY</u>	This bond is not subject to redemption prior to maturity by the School District and the School District may not issue any other bonds or obligations for the purpose of refunding this bond.
<u>AMOUNT OF ISSUE</u>	\$ 142,882
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 51,600
During Current Year	31,696
	<hr/> 83,296
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<u><u>\$ 59,586</u></u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 15, 2007	4.287%	\$ 10,032	\$ 2,554	\$ 7,478
May 15, 2008	4.287%	10,034	2,234	7,800
May 15, 2009	4.287%	10,034	1,900	8,134
May 15, 2010	4.287%	10,033	1,551	8,482
May 15, 2011	4.287%	10,034	1,187	8,847
May 15, 2012	4.287%	10,033	808	9,225
May 15, 2013	4.287%	10,033	413	9,620
		<hr/>		
		\$ 70,233	\$ 10,647	\$ 59,586
		<hr/>		

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

SINGLE AUDIT

JUNE 30, 2006

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SINGLE AUDIT
YEAR ENDED JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGES</u>
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	1-2
Schedule of Expenditures of Federal Awards	3-5
Notes to Schedule of Expenditures of Federal Awards	6
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	7-8
Summary Schedule of Prior Audit Findings	9
Schedule of Findings and Questioned Costs	10

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CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education
Mancelona Public Schools
Mancelona, Michigan

COMPLIANCE

We have audited the compliance of Mancelona Public Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Mancelona Public Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Mancelona Public Schools' management. Our responsibility is to express an opinion on Mancelona Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mancelona Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Mancelona Public Schools' compliance with those requirements.

In our opinion, Mancelona Public Schools complied in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2006.

INTERNAL CONTROL OVER COMPLIANCE

The management of Mancelona Public Schools' is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Mancelona Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mancelona Public Schools, as of and for the year ended June 30, 2006, and have issued our report thereon dated July 26, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Mancelona Public Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE JUNE 30, 2006	ADJUSTMENTS
U.S. Department of Education								
Passed Through Michigan Department of Education (M.D.E.)								
Title I Grants to Local Education Agencies								
Project No. 051530-0405	84.010	\$ 254,175	\$ 66,291	\$ 203,414	\$ 36,375	\$ 102,666	\$ 0	\$ 0
Project No. 051530-0506	84.010	14,386	0	0	14,386	14,386	0	0
Project No. 061530-0506	84.010	254,175	0	0	222,306	167,935	54,371	0
Total	84.010	\$ 522,736	\$ 66,291	\$ 203,414	\$ 273,067	\$ 284,987	\$ 54,371	\$ 0
Handicapped Preschool and School Program								
Project No. 060440 SPSR	84.027	\$ 2,580	\$ 0	\$ 0	\$ 2,580	\$ 2,580	\$ 0	\$ 0
Title V - LEA Allocation								
Project No. 050250-0405	84.298	\$ 7,527	\$ 984	\$ 7,527	\$ 0	\$ 984	\$ 0	\$ 0
Project No. 060250-0506	84.298	4,612	0	0	4,612	3,935	677	0
Total	84.298	\$ 12,139	\$ 984	\$ 7,527	\$ 4,612	\$ 4,919	\$ 677	\$ 0
Title II D - Technology Literacy Challenge Grant								
Project No. 064290-0506	84.318	\$ 4,742	\$ 0	\$ 0	\$ 4,742	\$ 4,742	\$ 0	\$ 0
Comprehensive School Reform Demo								
Project No. 041870-0405	84.332	\$ 93,488	\$ 15,023	\$ 72,005	\$ 21,483	\$ 36,506	\$ 0	\$ 0
Title II A - Improving Teacher Quality								
Project No. 050520-0405	84.367	\$ 72,671	\$ 16,096	\$ 64,979	\$ 7,692	\$ 23,788	\$ 0	\$ 0
Project No. 040520-0304	84.367	70,941	0	0	70,941	70,846	95	0
	84.367	\$ 143,612	\$ 16,096	\$ 64,979	\$ 78,633	\$ 94,634	\$ 95	\$ 0
Total Passed Through M.D.E.		\$ 779,297	\$ 98,394	\$ 347,925	\$ 385,117	\$ 428,368	\$ 55,143	\$ 0
Passed Through Traverse Bay Area Intermediate School District (T.B.A.I.S.D.)								
Goals 2000 - Educate America								
Project No. 4229 5	84.276	\$ 8,900	\$ (14)	\$ 0	\$ 0	\$ 0	\$ (14)	\$ 0
Project No. 4229 6	84.276	3,800	(117)	0	0	0	(117)	0
Total	84.276	\$ 12,700	\$ (131)	\$ 0	\$ 0	\$ 0	\$ (131)	\$ 0
Perkins								
Project No. 9205	84.048A	\$ 25,000	\$ 0	\$ 0	\$ 23,532	\$ 25,000	\$ (1,468)	\$ 0
Preschool Incentive								
Project No. 050460/0405	84.173A	\$ 15,581	\$ 0	\$ 0	\$ 15,581	\$ 15,581	\$ 0	\$ 0
Drug Free Schools								
Project No. 62860	84.186	\$ 1,200	\$ 0	\$ 0	\$ 1,255	\$ 1,255	\$ 0	\$ 0
Project No. 52860	84.186	918	918	918	0	918	0	0
	84.186	\$ 2,118	\$ 918	\$ 918	\$ 1,255	\$ 2,173	\$ 0	\$ 0

See accompanying notes

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE JUNE 30, 2006	ADJUSTMENTS
Transition/IDEA Grants								
Project No. 060450/0506	84.027A	\$ 446	\$ 0	\$ 0	\$ 446	\$ 446	\$ 0	\$ 0
Project No. 050490/CB	84.027A	1,680	1,680	1,680	0	1,680	0	0
Project No. 060490 TS	84.027A	50	0	0	50	50	0	0
Total	84.027A	\$ 2,176	\$ 1,680	\$ 1,680	\$ 496	\$ 2,176	\$ 0	\$ 0
Total Passed Through T.B.A.I.S.D.		\$ 57,575	\$ 2,467	\$ 2,598	\$ 40,864	\$ 44,930	\$ (1,599)	\$ 0
Total U.S. Department of Education		\$ 836,872	\$ 100,861	\$ 350,523	\$ 425,981	\$ 473,298	\$ 53,544	\$ 0
U.S. Department of Health and Human Services								
Passed Through Michigan Family Independence Agency								
Strong Family Safe Children								
Project No. SFSC02-05001-3	93.556	\$ 35,356	\$ 0	\$ 28,101	\$ 35,356	\$ 34,559	\$ 797	\$ 0
Project No. SFSC02-05001-2	93.556	32,796	2,267	31,105	1,691	3,958	0	0
Total	93.556	\$ 68,152	\$ 2,267	\$ 59,206	\$ 37,047	\$ 38,517	\$ 797	\$ 0
Childcare and Development Block Grant								
Project No. 213-05	93.575	\$ 3,016	\$ 0	\$ 0	\$ 3,016	\$ 3,016	\$ 0	\$ 0
Total U.S. Department of Health and Human Services		\$ 71,168	\$ 2,267	\$ 59,206	\$ 40,063	\$ 41,533	\$ 797	\$ 0
U.S. Department of Agriculture								
Passed Through Michigan Department of Education (M.D.E.)								
Child Nutrition Cluster								
National School Lunch Program								
Section 4 - Total Servings - 061950 and 051950	10.555	\$ 30,232	\$ 0	\$ 0	\$ 30,232	\$ 30,232	\$ 0	\$ 0
Section 11 - Free and Reduced - 061960 and 051960	10.555	175,470	0	0	175,470	175,470	0	0
Snack Program - 061980	10.555	4,533	0	0	4,533	4,533	0	0
Total	10.555	\$ 210,235	\$ 0	\$ 0	\$ 210,235	\$ 210,235	\$ 0	\$ 0
National School Lunch Breakfast Program								
061970 and 051970	10.553	\$ 59,833	\$ 0	\$ 0	\$ 59,833	\$ 59,833	\$ 0	\$ 0
Summer Food Service Program for Children								
Summer Food Meals and Admin - 050900 and 051900	10.559	\$ 16,186	\$ 0	\$ 0	\$ 24,175	\$ 16,186	\$ 7,989	\$ 0
Total Child Nutrition Cluster		\$ 286,254	\$ 0	\$ 0	\$ 294,243	\$ 286,254	\$ 7,989	\$ 0
Child Care Food Program								
031920 and 041920	10.558	\$ 277	\$ 204	\$ 204	\$ 277	\$ 481	\$ 0	\$ 0

See accompanying notes

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE JUNE 30, 2006	ADJUSTMENTS
Food Distribution								
Entitlement Commodities	10.550	\$ 21,339	\$ 0	\$ 0	\$ 21,339	\$ 21,339	\$ 0	\$ 0
Bonus Commodities	10.550	1,196	0	0	1,196	1,196	0	0
Total	10.550	<u>\$ 22,535</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,535</u>	<u>\$ 22,535</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Passed Through M.D.E.		<u>\$ 309,066</u>	<u>\$ 204</u>	<u>\$ 204</u>	<u>\$ 317,055</u>	<u>\$ 309,270</u>	<u>\$ 7,989</u>	<u>\$ 0</u>
Total U.S. Department of Agriculture		<u>\$ 309,066</u>	<u>\$ 204</u>	<u>\$ 204</u>	<u>\$ 317,055</u>	<u>\$ 309,270</u>	<u>\$ 7,989</u>	<u>\$ 0</u>
Total Federal Financial Assistance		<u>\$ 1,217,106</u>	<u>\$ 103,332</u>	<u>\$ 409,933</u>	<u>\$ 783,099</u>	<u>\$ 824,101</u>	<u>\$ 62,330</u>	<u>\$ 0</u>
				(C)	(B)			

See accompanying notes

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(A) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the school district.

Expenditures for bonus and entitlement commodities include spoilage and/or pilferage, if any.

(B) Reconciliation of Grant Section Auditor's Report with Schedule of Expenditures of Federal Awards

Current Cash Payments per Grant Section Auditor's Report Dated July 7, 2006		\$ 715,103
Add Items Not on Grant Section Auditor's Report:		
Grants Passed Through Traverse Bay Intermediate School District	\$ 44,930	
Grants Passed Through the Michigan Family Independence Agency	41,533	
Food Distribution Program Commodities	<u>22,535</u>	<u>108,998</u>
Current Year Receipts (Cash Basis) per Schedule of Expenditures of Federal Awards		<u><u>\$ 824,101</u></u>

(C) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenue from Fedral Sources - Per Basic Financial Statements (Page 5)	\$ 782,640
Transition/Idea Grants Received Through T.B.A.I.S.D. Classified as Other Transactions in the Financial Statements	496
Differnce Between Drug Free Grant Revenue from T.B.A.I.S.D. per the Financial and the Statement of Expenditures of Federal Awards	<u>(37)</u>
	<u><u>\$ 783,099</u></u>

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CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education
Mancelona Public Schools
Mancelona, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mancelona Public Schools as of and for the year ended June 30, 2006, which collectively comprise Mancelona Public Schools' basic financial statements and have issued our report thereon dated July 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Mancelona Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Mancelona Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

There were no prior year findings.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Section I - Summary of Auditors Results

Financial Statements

Type of auditors' report issued: Unqualified

Material weakness(es) identified: _____ Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified: _____ Yes X No

Reportable condition(s) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.01	Title I
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

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JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

To the Board of Education
Mancelona Public Schools
Mancelona, Michigan 49659

Dear Board Members:

During the course of our audit of the financial statements of the Mancelona Public Schools, we observed certain conditions, about which, we make the following comments and recommendations:

1. Condition of Accounting Records

We found the District's accounting records to be in very good condition again this year. It is not unusual to encounter problems with the accounting records when a new business manager takes over. The number of additional adjusting entries required this year was less than last year. We want to commend the business manager for a job well done.

2. 2005-06 Results

Although total net assets of the District increased by \$279,083, total fund balances decreased by \$535,525. Of particular concern, is the \$674,201 decrease in the General Fund balance to \$637,841.

3. Budgeting

The District currently does an excellent job formulating and monitoring the annual budget function. The Michigan Department of Education is working towards various policy adjustments in regards to budget violations and are considering retroactive implementation of these policies to the 2004-2005 and the 2005-2006 fiscal years.

Specifically, the Department will be focusing on a couple of significant areas as it relates to the General Fund:

1. Total Expenditure violations that exceed 1% of the Total Expenditures budget.
2. Total Other Financing Uses violations that exceed 1% of the Total Other Financing Uses budget.

A budget violation would include incurring expenditures in excess of the approved appropriation, ending the fiscal year with a deficit fund balance or adopting a budget that would result in a deficit fund balance.

The Department is considering that a violation for the 2005-2006 fiscal year may also include a situation where the District did not achieve their full revenue budget and, at the same time, depleted the district fund balance beyond what had been approved.

These proposed policy adjustments will place a renewed importance on the need to monitor the budget process very closely.

We recommend that the District review the 2006-2007 budget to make sure that actual revenues will be greater than budgeted revenues, that actual expenditures by function will not be greater than appropriated and that a negative fund balance is not budgeted.

We would like to thank the board for this opportunity to be of service and the staff for their cooperation and assistance in helping us complete this engagement. As always, if we can be of any assistance to you throughout the year, please let us know.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C